



City of Santa Barbara
Airport Department

Memorandum

DATE: November 17, 2010
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: Financial Report for First Quarter Ending September 30, 2010

RECOMMENDATION:

That Airport Commission receive the First Quarter Financial Statement for Fiscal Year 2011.

DISCUSSION:

The Airport Department's revenues and expenses have been updated for the first quarter ending September 30, 2010. The financial report provides a comparison of actual revenues and expenditures for Fiscal Year 2010, the FY 2011 adopted budget, and actual year to date expenditures compared with the first-quarter portion of the budget (25%) with both dollar and percentage variances.

When the FY 2011 budget was developed, it was anticipated that the new Airline Terminal would be completed and occupancy would begin in April 2011. With this in mind, three months of operating expenses were included (supplies and utilities) as well as three months of revenue from commercial airline building rental and concession fees. Variances for Commercial Aviation will be skewed.

Revenues

The City of Santa Barbara's financial system is based on an accrual method. Revenues are recorded when earned/billed not when received. **Total revenues** through the quarter are **\$3,343,357 or 2.4% greater** than first-quarter target estimates.

Commercial and industrial lease rental is +7.4% above target due to the competitive rental rates, good tenant retention policies and effective lease management practices. The Airport continues to have a very low vacancy rate in buildings of 2.7% and 1.7% vacancy in land.

Non-commercial aviation (Fixed Base Operations) revenues are 21.2% above target due to a 27% increase in general aviation air traffic operations resulting in higher fuel flowage fees and GA landing fee collections. In addition, a new subtenant of Signature Flight Support, Coastal Aircraft Maintenance, has increased aircraft maintenance activity which is reflected in greater percentage fee revenue.

Airline Terminal revenues slightly exceeded target by 2.07% due to an increase in rental car receipts. Concession revenues are 11.2% below target due to the anticipated occupancy of the new terminal. However, the food and beverage sales for the first quarter are .7% higher than same period last year; and the gift shop sales through September are also 2% up over last year.

Commercial Aviation, revenue is 13.7% down in the first-quarter due to the inclusion of airline building rental from the new airline terminal from April-June, 2011. Landing fee revenue for the airlines and the air freight and non-scheduled charter operations are up due to an increase in activity with the air freight carriers.

Interest income was projected to be less than prior year. The variance in interest is 17.4% above target. The City's investment strategy has seen an increase in the interest earned.

Operating Expenses

Expenditures are recorded when incurred not when paid. Total **Operating expenses** for the first quarter **are 17.3% less than budget at \$2,603,156.**

During the first quarter, there was an additional pay period causing **Salaries & Benefits** to exceed the average for the first quarter by 0.6%. The staffing changes in the FY 2011 budget include removal of two Patrol Officer positions; addition of one new security operations assistant, and two full time custodians. The Operations Assistant position has been filled; however, the two custodian positions remain vacant at this time.

Supplies and services expense is -64.5% below due to higher utility and custodial supply budget estimates that incorporate initial operational costs in the new Terminal Building. Parking shuttle cost under Special Projects, reflects one month's expense, when the full quarter of expense is factored in, this line item is 25% below the budgeted amount.

Summary

The first quarter expenditures are in line with the budget and revenues exceed target. A delay in occupancy of the new airline terminal building will impact projected revenues but will be offset by a reduction in expenses.

CITY OF SANTA BARBARA
Airport Operating Fund
Financial Report
For Month Ended 9/30/10 (25% of Fiscal Year)

Updated 10-11-2010

	Actual	Adopted	Adopted	Current Y-T-D		
		Budget	Budget	3 mos.	\$	%
Operating Revenue	2010	2011	2011-25% of Fiscal Year	Actual	Variance	Variance
Leases						
Commercial & Industrial	\$ 4,157,313	\$ 3,977,000	\$ 994,250	\$ 1,067,461	\$ 73,211	7.4%
Non-Commercial Aviation	1,224,915	1,130,675	\$ 282,669	342,639	\$ 59,970	21.2%
Terminal			\$ -			
Rental Cars(inc land lease for QTA)	2,011,034	1,975,650	\$ 493,913	544,036	50,124	10.1%
Parking	2,645,252	2,750,000	\$ 687,500	667,426	(20,074)	-2.9%
Concessions	121,504	167,500	\$ 41,875	37,191	(4,684)	-11.2%
Terminal sub-total	\$ 4,777,790	\$ 4,893,150	\$ 1,223,288	\$ 1,248,653	\$ 25,366	2.07%
Commercial Aviation						
Building	1,118,064	1,579,000	394,750	296,307	(98,443)	-24.9%
Landing Fees	994,224	1,038,000	259,500	264,022	4,522	1.7%
Landing Fees (Freight/Charter)	34,206	20,000	5,000	8,582	3,582	71.6%
Commercial aviation sub-total	2,146,494	2,637,000	659,250	568,911	(90,339)	-13.7%
Total Leases	\$ 12,306,512	\$ 12,637,825	\$ 3,159,456	\$ 3,227,664	\$ 68,208	2.16%
Other						
Interest Income	278,238	231,100	57,775	67,856	10,081	17.4%
TSA Reimbursement	163,286	163,052	40,763	41,157	394	1.0%
Other	40,081	33,600	8,400	6,680	(1,720)	-20.5%
Other sub-total	481,605	427,752	106,938	115,693	8,755	8.19%
Total Operating Revenue	\$ 12,788,117	\$ 13,065,577	\$ 3,266,394	\$ 3,343,357	\$ 76,963	2.4%
Operating Expenses						
Salaries & Benefits	4,743,101	5,080,061	1,270,015	1,277,333	7,318	0.6%
Furlough Savings	(115,172)	(166,878)	(41,720)	-32,511	9,209	-28.3%
Supplies & Services (1)	2,719,117	2,984,112	746,028	453,342	-292,686	-64.6%
ARFF	1,766,450	1,805,064	451,266	451,266	0	0.0%
Engineering	339,508	342,013	85,503	88,103	2,600	3.0%
Special Project (2)	607,062	912,307	228,077	56,460	-171,617	-304.0%
Equipment	28,377	24,610	6,153	1,455	-4,698	-322.9%
Allocated Costs	1,310,394	1,232,866	308,217	307,708	-509	-0.2%
Total Operating Expenses	\$ 11,351,895	\$ 12,214,155	\$ 3,053,539	\$ 2,603,156	\$ (450,383)	-17.3%
Net operating gain / (loss)		\$ 851,422	\$ 212,856	\$ 740,201	\$ 527,346	

Notes:

Budget estimates for 2011 include operation in the New Terminal Building for April 2011 through June 30, 2011.

Special Project-AMPCO parking shuttle operation- expenditure for only one month posted to first Quarter. YTD parking shuttle cost is \$ 175,000 or 25% below budget